GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:7191
ANSWERED ON:13.05.2005
AGRICULTURAL LOAN
Sarma Dr. Arun Kumar

Will the Minister of FINANCE be pleased to state:

(a) whether banks have agreed to liberlize certain conditions required for granting the agricultural loan in the North East region;

(b) if so, the details of the outcome thereof;

(c) the constraints faced by agriculture sector of North-East region in getting agricultural loan; and

(d) the implementation status, target and achieve ment made on the agricultural credit flow to farmers by banks during the last three years before and after introduction of new policy of doubling the loan, State-wise?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM):

(a) and (b) Yes, Sir. National Bank for Agriculture and Rural Development (NABARD) provides Short Term and Long Term refinance to the banks in North East Region (NER) at following liberal terms and conditions:

(i) Lowest rate of interest i.e. 5.5% to State Cooperative Banks irrespective of their level of Non-Performing Assets (NPAs);

(ii) Credit limit sanctioned to RRBs and Cooperative Banks irrespective of their NPA levels/recovery performance;

(iii) Relaxation in eligibility criteria for drawal of refinance;

(iv) For investment credit, ail activities are eligible for refinance @90% to 100% of the bank loan amount, etc.

(c) The Major reasons for slow off take of Agricultural Loans in NER are as under:

(i) Lack of Infrastructure and entrepreneurship;

(ii) Poor recovery performance of banks;

(iii) Agro adverse climatic conditions;

(iv) Lack of clear marketable title to land;

(v) Primitive agricultural practices.

(d) State-wise Ground Level Credit (GLC) disbursements under Agricultural & Allied Activities during 2001-02,2002-03 and 2003-04 are given in the statement enclosed. The total disbursement in 2004-05 has been Rs. 1,15,243 crore, for which state-wise details are still under compilation.